

partner or employee of any partnership, and any individual, primarily engaged in the issue, flotation, underwriting, public sale, or distribution, at wholesale or retail, or through syndicate participation, of stocks, bonds, or other similar securities, from serving at the same time as an officer, director, or employee of any member bank of the Federal Reserve System. The Board is of the opinion that to the extent that a company, other entity or person is engaged in securities activities that are expressly authorized for a state member bank under section 16 of the Glass-Steagall Act (12 U.S.C. 24(7), 335), the company, other entity or individual is not engaged in the types of activities described in section 32. In addition, a securities broker who is engaged solely in executing orders for the purchase and sale of securities on behalf of others in the open market is not engaged in the business referred to in section 32.

[Reg. R. 61 FR 57289, Nov. 6, 1996]

## PART 251—CONCENTRATION LIMIT (REGULATION XX)

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AUTHORITY: 12 U.S.C. 1818, 1844(b), 1852, 3101 *et seq.*

SOURCE: 79 FR 68104, Nov. 14, 2014, unless otherwise noted.

### § 251.1 Authority, purpose, and other authorities.

(a) *Authority.* This part is issued by the Board of Governors of the Federal Reserve System under sections 5 and 14 of the Bank Holding Company Act of 1956, as amended (12 U.S.C. 1844 and 1852); section 8 of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1818); the International Banking Act of 1978, as amended (12 U.S.C. 3101 *et seq.*); and the recommendations of the Financial Stability Oversight Council (76 FEDERAL REGISTER 6756) (February 8, 2011).

(b) *Purpose.* This subpart implements section 14 of the Bank Holding Company Act, which generally prohibits a financial company from merging or consolidating with, acquiring all or substantially all of the assets of, or otherwise acquiring control of, another company if the resulting company's consolidated liabilities would exceed 10 percent of the aggregate consolidated liabilities of all financial companies.

(c) *Other authorities.* Nothing in this part limits the authority of the Board under any other provision of law or regulation to prohibit or limit a financial company from merging or consolidating with, acquiring all or substantially all of the assets of, or otherwise acquiring control of, another company.

### § 251.2 Definitions.

Unless otherwise specified, for the purposes of this part:

(a) *Applicable accounting standards* means, with respect to a company, U.S. generally accepted accounting principles (GAAP), or such other accounting standard or method of estimation that the Board determines is appropriate pursuant to § 251.3(e).

(b) *Applicable risk-based capital rules* means consolidated risk-based capital rules established by an appropriate Federal banking agency that are applicable to a financial company.

(c) *Appropriate Federal banking agency* has the same meaning as in section 3(q) of the Federal Deposit Insurance Act (12 U.S.C. 1813(q)).

(d) *Control* has the same meaning as in § 225.2(e) of the Board's Regulation Y (12 CFR 225.2(e)).

(e) *Council* means the Financial Stability Oversight Council established by section 111 of the Dodd-Frank Act (12 U.S.C. 5321).

(f) *Covered acquisition* means a transaction in which a company directly or indirectly merges or consolidates with, acquires all or substantially all of the assets of, or otherwise acquires control of another company. A covered acquisition does not include an acquisition of ownership or control of a company:

(1) In the ordinary course of collecting a debt previously contracted in good faith if the acquired securities or